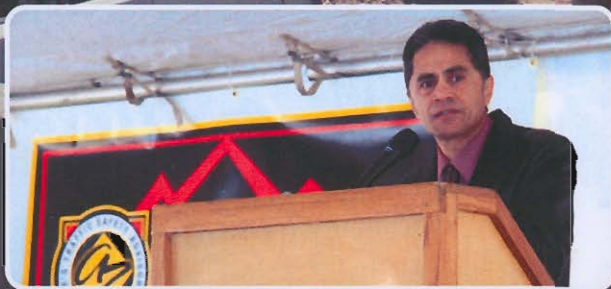
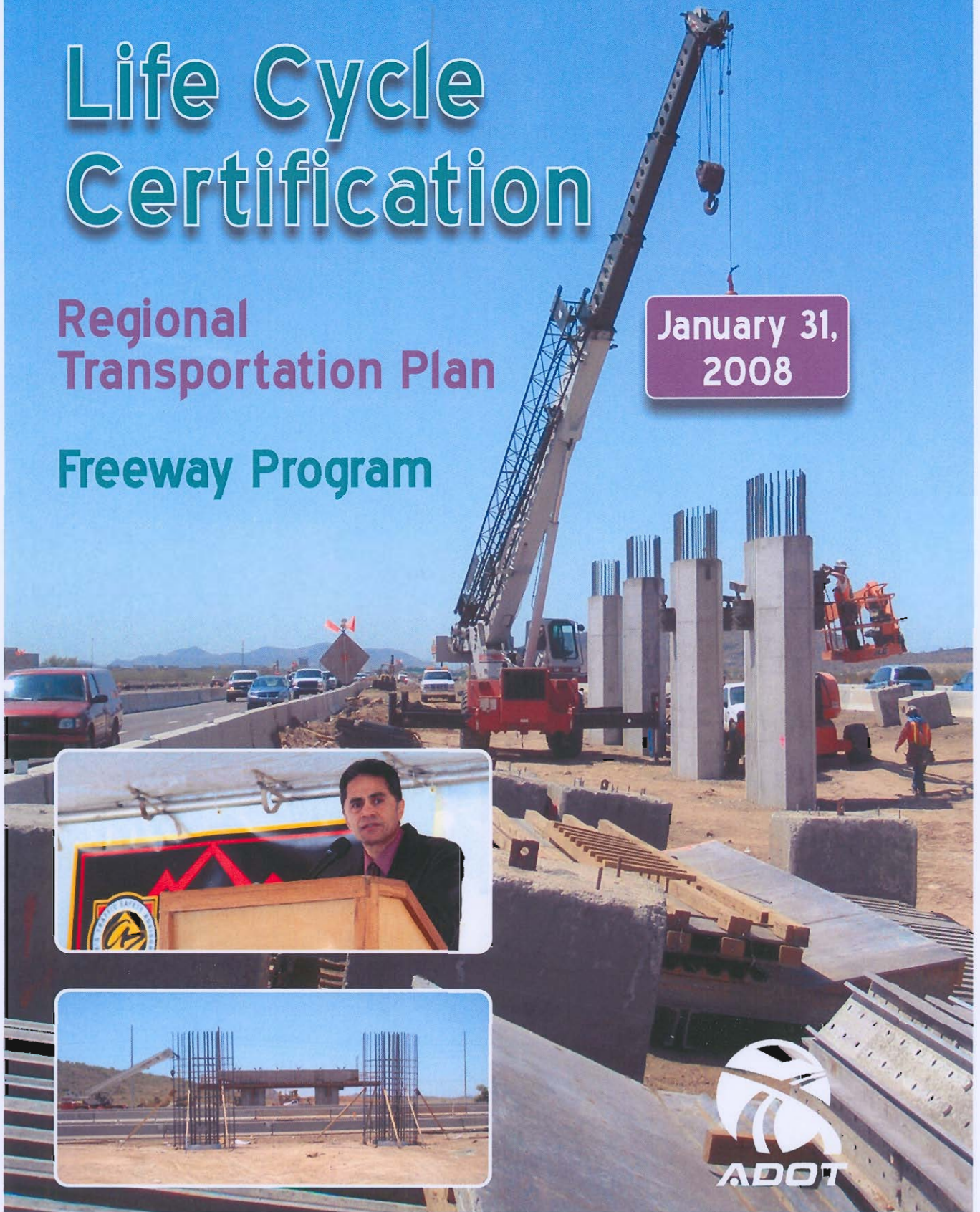


Life Cycle Certification

Regional
Transportation Plan

Freeway Program

January 31,
2008



Arizona Department of Transportation

Certification of Revenue and Construction Costs for the

Regional Transportation Plan Freeway Program January 31, 2008



A handwritten signature in black ink, reading "Victor M. Mendez". The signature is written in a cursive style with a horizontal line underneath.

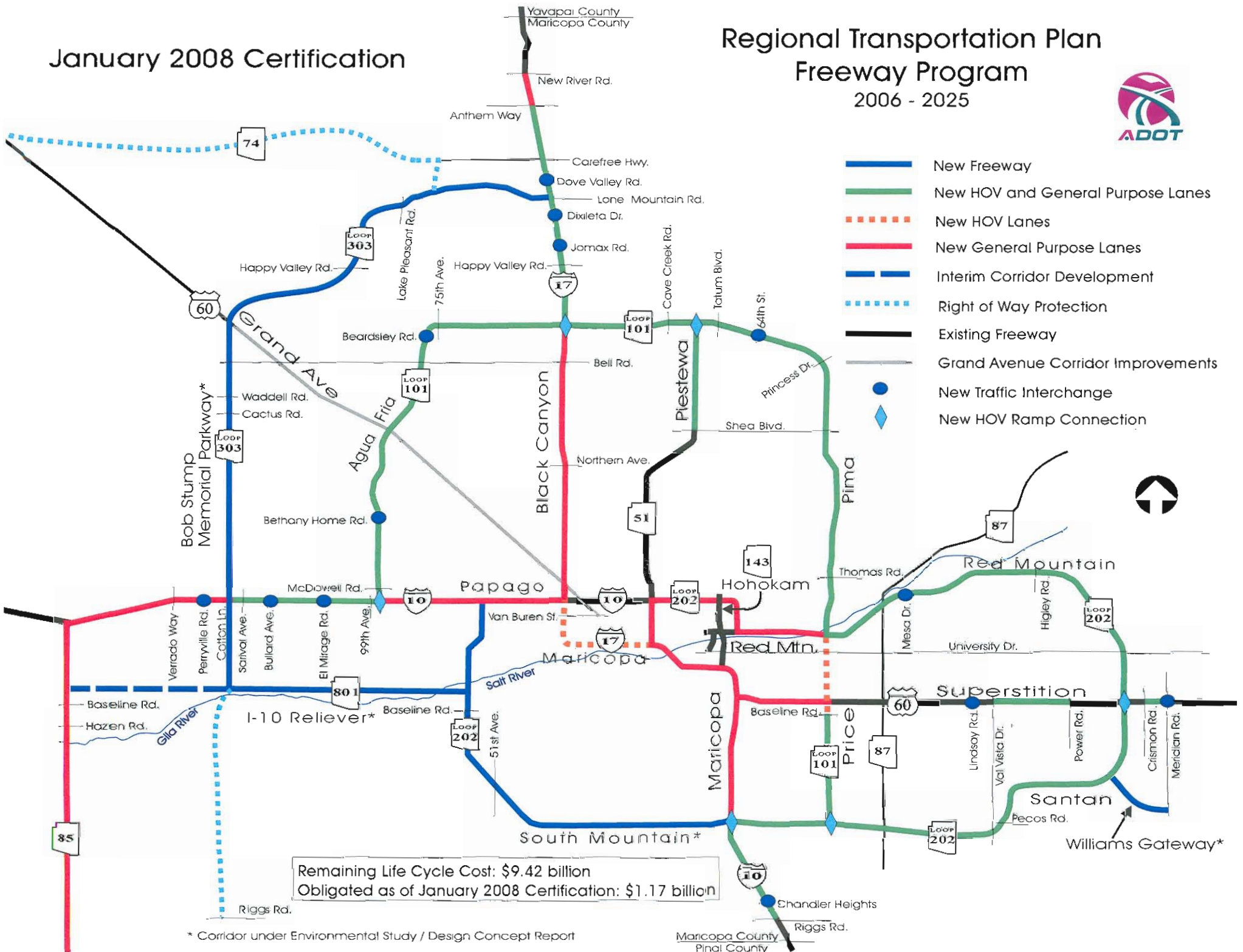
Victor M. Mendez, Director
Arizona Department of Transportation

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January 2008 Certification

Regional Transportation Plan Freeway Program 2006 - 2025



INTRODUCTION AND HISTORY

This semi-annual Regional Transportation Plan Freeway Program (RTPFP) Life Cycle Certification report is prepared in compliance with the 1991 Performance Audit of the Maricopa Association of Governments (MAG) Regional Freeway Program. The Arizona Department of Transportation (ADOT) will continue to produce semi-annual Certification report for the RTPFP. The report is designed to review the progress of the RTPFP and identify the projections and changes in program revenues and costs.

The RTPFP is funded by three primary revenue sources: the extension of the Maricopa County transportation excise tax (often referred to as the half cent sales tax or Regional Area Road Funds), the Arizona Department of Transportation's (ADOT) funds dedicated to Maricopa County and federal funds.

Per ARS 42-6105.E, 56.2 percent of all sales tax collections will be distributed to freeways and state highways; 10.5 percent will be distributed to arterial street improvements; and 33.3 percent will be distributed to the public transportation fund.

The RTPFP Life Cycle Program includes both new facilities and improvements to the existing system. Operation and maintenance of the system are also addressed. Projects include new freeway corridors, additional lanes on existing facilities, new interchanges at arterial cross streets, high occupancy vehicle ramps at system interchanges, noise mitigation and maintenance and operations programs.

The concept of a Life Cycle Program refers to a programming approach that forecasts and allocates funds through the full life of a major funding source. The Life Cycle Program covers the project program through fiscal year 2026, and reflects a fiscal balance between anticipated revenues and expenditures. The Life Cycle Program provides the necessary management tools to ensure both ADOT and MAG maintain realistic planning and construction schedules, predicated upon funding, and provide periodic reports to the public and other governmental agencies.

Arizona House Bill 2292, which was passed in the Spring 2003 session of the Arizona Legislature, established the Transportation Policy Committee which was tasked with developing a Regional Transportation Plan for Maricopa County, and established the process for an election to extend the current half cent County Transportation Excise Tax. The Regional Transportation Plan Freeway Program includes both new freeway corridors to serve growth in the region and improvements to the existing system to reduce current and future congestion. The Regional Transportation Plan also addresses quality of life issues such as noise mitigation, maintenance, litter control and landscaping. The Regional Transportation Plan has three major components: Freeways/Highways, Transit and Arterial Roads.

On November 2, 2004, voters in Maricopa County approved Proposition 400 to extend the existing half cent Sales Tax for transportation for an additional twenty years from January 2006 to December 2025. The previous tax expired December 31, 2005.

The FY 2007-2011 RTP Freeway Program incorporated two locally accelerated projects:

- * I-10, Sarival Avenue – Agua Fria Freeway (SR101L): Advanced from FY 2011/14 to FY 2008/09.
- * I-17, Dove Valley Road TI: Advanced from FY 2021/22 to FY 2007/08.

Arizona House Bill 2865, approved in the spring session of the Arizona Legislature (2006), established the Statewide Transportation Acceleration Needs (STAN) account. The STAN account provided \$307 million to be used for the acceleration of the design, R/W acquisition and construction or reconstruction of freeways, state highways, bridges and interchanges on the statewide highway system.

Per HB 2865.G, 60 percent (\$184.2 million) would be distributed to projects in Maricopa County. Pima County would receive 16% (\$49.1 million) and the remaining 24% (\$73.7 million) funds were distributed to the thirteen other counties. It is anticipated that 5% growth in interest income will increase the MAG allocation to \$193.4 million.

The legislation required that funds spent in Maricopa County be allocated to projects in the MAG Regional Transportation Plan. Six projects approved by the MAG Regional Council and State Transportation Board include:

- * I-10 (Papago Freeway), Verrado Way – Sarival Avenue
- * I-17 (Black Canyon Freeway), SR74 – Anthem Way
- * Pima Freeway (SR101L), Tatum Boulevard – Princess Drive
- * Price Freeway (SR101L), Baseline Road – Santan Freeway (SR202L)
- * Bob Stump Memorial Parkway (SR303L), Bell Road, Cactus Road and Waddell Road intersections
- * Williams Gateway Freeway, Santan Freeway (SR202L) – Meridian Road for R/W Protection

On September 2007, the State Transportation Board approved deletion of SR153 from the RTP Freeway Program and shifted available funding for improvements to the SR143/SR202L TI. The proposed change is a major amendment and required that the statutory consultation process be followed per A.R.S. 28-6353.

Arizona House Bill 2781, Section 108, approved in the 2007 spring session of the Arizona Legislature, extended the maximum transportation bond term to thirty years from twenty years. This Bill will provide approximately \$500 million for the programming of design, R/W acquisition and construction projects on the statewide highway system.

Arizona House Bill 2781, Section 108, also approved in the 2007 spring session of the Arizona Legislature, transferred \$62 million from the State Highway Fund to the Statewide Transportation Acceleration Needs account established by Section 28-7009, Arizona Revised Statutes.

A key management tool used for the Life Cycle Program is the development of certified revenues and costs. Certification involves the preparation of reliable cost estimates for the entire MAG system, as well as a forecast of revenues available to fund the system. The costs and revenues are reviewed and certified by ADOT every six months.

This certification of information pertaining to the Regional Transportation Plan Freeway Program constitutes the official position of ADOT and is used for all planning and programming purposes. It enhances the information flow to MAG and the public on a periodic basis and allows ADOT to make program adjustments as necessary.

EXECUTIVE SUMMARY

The Director of the Arizona Department of Transportation has certified the MAG Area Life Cycle Program of the Regional Transportation Plan Freeway Program (RTPFP) effective January 31, 2008. This certification of the MAG Area Life Cycle Program incorporates the Draft Tentative FY 2009 – 2013 Regional Transportation Plan Freeway Program.

Revenue forecasts are based on a cutoff date of November 30, 2007.

Major Milestones since Last Certification

- ❑ The Maricopa Freeway (I-10) at SR347 TI improvement construction project was advertised in July 2007 and awarded in August 2007.
- ❑ The Black Canyon Freeway (I-17) from SR101L to Jomax Road construction project was advertised in September 2007 and awarded in December 2007.
- ❑ The Papago Freeway (I-10) from Sarival Avenue to SR101L construction project was advertised in October 2007 and awarded in December 2007.
- ❑ The Red Mountain Freeway (SR202L) from Power Road to University Drive landscape construction project was advertised in October 2007 and awarded in December 2007.
- ❑ The Black Canyon Freeway (I-17) from Jomax Road to SR74 construction project was advertised in November 2007 and awarded in January 2008.
- ❑ Quiet Pavement Phase X construction project was advertised in November 2007 and awarded in January 2008.
- ❑ The Maricopa Freeway (I-10) from Southern Avenue to SR143 construction project was advertised in December 2007.
- ❑ The Pima Freeway (SR101L) from Tatum Boulevard to Princess Drive construction project was advertised in December 2007.

Program Changes

The following changes to the Adopted FY 2008 – 2012 Regional Transportation Plan Freeway Program have been included in the new program.

- ❑ Updated design, R/W and construction costs based on latest estimates.
- ❑ Advanced project on the Agua Fria Freeway (SR101L) at Union Hills Drive through HELP loan.
- ❑ Established privately funded project on the I-10 corridor to construct a new traffic interchange at 395th Avenue.
- ❑ Established landscape construction project on the I-10 corridor from Sarival Avenue to Dysart Road.
- ❑ Established drainage improvement project on the Pima Freeway (SR101L) from Hayden Road to Princess Drive.
- ❑ Established new design project on the South Mountain Freeway (SR202L).
- ❑ Established an HOV study project for the MAG Regional Freeway System.
- ❑ Deferred drainage improvement project on the I-17 from Peoria Avenue to Greenway Road to align with roadway widening construction schedule.
- ❑ Deferred construction schedule to align with design schedule for various projects.
- ❑ Deferred design project to align with study schedule for various projects.
- ❑ Separated funding for design project from construction project for various projects.
- ❑ Separated funding for utility relocation and R/W acquisition from construction project for various projects.
- ❑ Repackaged Freeway Management System (FMS) projects on the Pima Freeway (SR101L).

Revenues

Net funds available through year 2025 for the RTP Freeway Program show an increase of \$446.6 million from the previous Certification. Details are presented in the “Revenue Projections” section, page 10.

Program Costs

Obligations for the RTP Freeway Program totaled \$1.17 billion. The remaining cost to complete the RTP Freeway Program totaled \$9.42 billion.

Design Concepts and Environmental Studies

An Environmental Overview is underway for the I-10 corridor between SR101L and I-17. The study includes adding general purpose lanes.

A Design Concept Report (DCR)/Environmental Impact Statement (EIS) is underway for the I-10 corridor between SR51 and the Santan Freeway (SR202L). The study includes freeway widening for express and local lanes.

A Project Assessment (PA) is underway for the I-17 corridor at the Happy Valley Road TI and the Pinnacle Peak Road TI. The study includes TI improvements.

A DCR/EIS is underway for the I-17 Corridor between I-10 and SR101L. The study includes freeway widening concepts.

A DCR/Categorical Exclusion (CE) is underway for Grand Avenue (US60) between the Agua Fria Freeway (SR101L) and McDowell. The study includes minor roadway improvements.

A Feasibility Study/Environmental Overview is underway for the Grand Avenue (US60) between SR303L and SR101L. The study includes various roadway improvements.

A DCR is underway at the SR85/I-8 TI. The study includes a divided roadway concept and a new interchange configuration.

A DCR/CE is underway for the Pima Freeway (SR101L) between Princess Drive and SR202L. The study includes adding general purpose lanes.

An EIS/DCR is underway for the South Mountain Freeway Corridor (SR202L). The study includes the construction of a new freeway.

A DCR/Environmental Assessment (EA) is underway for the Bob Stump Memorial Parkway (SR303L) between the I-10 Reliever (SR801) and I-10. The study includes the construction of a new freeway.

A DCR/EA is underway for the Bob Stump Memorial Parkway (SR303L) between I-10 and Grand Avenue (US60). The study includes the construction of a new freeway.

A DCR/EA is underway for the I-10 Reliever (SR801) between SR85 and the South Mountain Freeway (SR202L). The study includes the construction of a new freeway.

A DCR/Environmental Document is underway for the Williams Gateway Freeway (SR802) between SR202L and Meridian Road. The study includes the construction of a new freeway.

Program Trends

The January 2008 Certification confirms that the revenues and costs are in balance. However, the Department is conducting a comprehensive review of costs and revenue projections for entire Regional Transportation Plan (RTP) Freeway Program.

Based on preliminary assessment, the projected costs to complete the RTP will exceed projected revenues. The Department will analyze the financial impact to delivering the RTP. It is anticipated that the July 2008 Certification will reflect the cost updates for the balance of the RTP Freeway Program.

For the first six months of fiscal year 2008, revenue growth rates for the Transportation Excise Tax Revenues have slowed compared to fiscal year 2007. This is primarily due to weaker than anticipated retail sales in Maricopa County.

FY 2008 bid amounts on several Regional Transportation Plan Freeway Program construction projects came close to or lower than ADOT's estimates with more bids received compared to previous years. Construction material costs have appeared to stabilize from the rapid increases that have been seen over the last three years. Although the increases have moderated, there has not been a significant decline for key commodities to previous levels.

Based on numerous studies currently underway, construction and R/W costs for two new freeways (South Mountain and Bob Stump Memorial Parkway, SR303L) and major corridor improvement projects (I-10 and I-17) reflect significantly higher costs than initial estimates, which were developed in 2003. These higher estimates are due to increased costs for construction materials and substantial increases in real estate values, which result in higher right of way costs. Scope refinements identified during design studies have also led to certain cost increases. The Department will have better information to determine the magnitude of cost increases as studies progress. If these cost increases continue long term, they will have a substantial impact on the program and the Department's ability to deliver the program as currently planned, within the originally anticipated timeframe.

ADOT will monitor and review these trends closely and will continue assessing the potential financial impact to the program.

Revenue Projections





Arizona Department of Transportation

Transportation Services Group

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano
Governor

Victor M. Mendez
Director

John A. Bogert
Chief of Staff

LETTER OF CERTIFICATION

The Financial Management Services Office of the Arizona Department of Transportation (ADOT) has developed the following information describing the estimated funds available for construction of the Regional Transportation Plan Freeway Program from Fiscal Year 2006 through Fiscal Year 2026. This information updates certain information previously certified on July 31, 2007.

This information is intended primarily for internal planning purposes and requires reliance upon a variety of data and information sources. The revenue forecasts rely upon assumptions regarding future economic conditions and on forecasts of certain independent economic variables. These assumptions may or may not prove to be accurate. If the assumptions do not prove accurate, differences between forecast and actual results may occur.

We believe the results contained herein represent a realistic forecast of Maricopa County transportation excise tax revenues, MAG share of the ADOT funds and other available monies for the period described above and so certify. However, the Department will continue its practice of reviewing and updating the forecasts as needed on a semi-annual basis.


John E. McGee
Chief Financial Officer

January 31, 2008
Date

FINANCIAL ASSUMPTIONS

Following are the assumptions made in estimating revenues available for the Regional Transportation Plan Freeway Program.

Bond Proceeds and Debt Service: The issuance of bonds secured by RARF and HURF revenues are assumed. Interest on the bond issues is assumed to be 5.0 % maximum. Bond maturities are assumed for up to 30 years. Bonds are amortized on a level debt service basis, and assume no refinancing or restructuring. No additional bonds secured by federal aid revenues are assumed.

Transportation Excise Tax: The forecast was developed during the September 2007 Risk Analysis session. Authority for and collection of the Proposition 300 transportation excise tax ended on December 31, 2005. The half Cent Sales Tax extension approved through Proposition 400 went into affect on January 1, 2006. Per ARS 42-6105.E, 56.2 percent of all sales tax collections will be distributed to freeways and state highways; 10.5 percent will be distributed to arterial street improvements; and 33.3 percent will be distributed to the public transportation fund.

ADOT Discretionary Funds, 37%: A 37 percent share of ADOT Discretionary Funds is programmed for the MAG Region.

Highway User Revenue Fund (HURF), 15%: The MAG area receives annual funding in the form of ADOT 15 percent funds, which are allocated from the Highway User Revenue Fund. These funds are spent for improvements on controlled access routes on the State Highway System.

Federal Aid: Federal Aid includes STP and CMAQ funds. The Federal Aid forecast assumes an annual average of \$34.1 million (until FY 2015) of MAG sub-allocated federal funds will be dedicated to the RTP Freeway Program.

Statewide Transportation Acceleration Needs (STAN): Per statute, 60 percent of the STAN is distributed to projects in the Maricopa County region. Pima County receives 16% and the remaining 24% are distributed to the other thirteen counties.

Interest Income: Assumes a 3.0% investment rate with 95% invested. Interest income is dependent on prior month's average cash balance.

Third Party Billing: Represents local funds and State federal funds for programmed projects.

Other Income: Includes building rent, sales of excess property and other miscellaneous income.

Discount Factor: Base year is FY 2008. An annual inflation factor is applied to the costs based on estimated construction and right of way cash flows. See Appendix A.

Additional assumptions regarding the funding from half Cent Sales Tax Extension include the following principles:

- Firewalls are established so funding cannot be transferred from one category to another.
- Bond proceeds will only be used for capital costs and not for maintenance or operation expenses.
- Consistent with the “firewall” principle, bonding for each funding category will be done independently.

Revenue Sources and Uses

The following pie chart depicts the sources and uses of Regional Transportation Plan Freeway Program revenues. The sources consist of the transportation excise tax (half cent sales tax), ADOT Funds and various other revenues. The transportation excise tax makes up 48 percent of the total revenues, with ADOT Funds reflecting 47 percent and the remaining 5 percent consisting of various other funding sources, primarily federal aid.

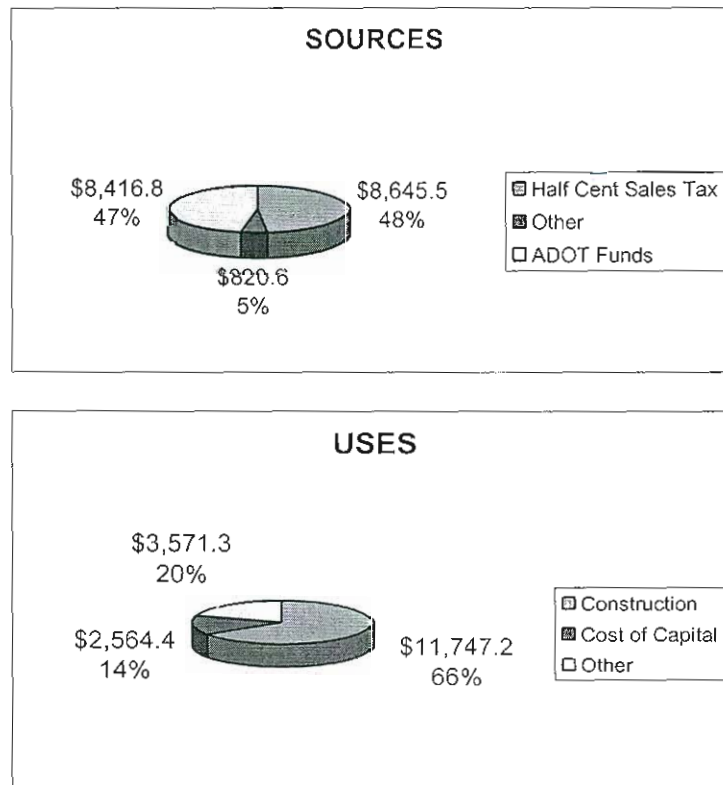
Of the available funding, 66 percent is used for design, right of way and construction. Of the remainder, 14 percent is used for cost of capital and 20 percent is used for a discount factor and Regional Public Transit Authority (RPTA) transfers.

Certified Financial Plan

Fiscal Years 2006 – 2026

(dollars in millions)

Total Sources/Uses : \$17,882.9



* Construction includes design, right of way and construction

Net Revenues

The following chart reflects a breakdown of the individual revenues and costs for the Regional Transportation Plan Freeway Program.

REVENUES	July 2007	January 2008	Change
Half Cent Sales Tax	\$8,652.1	\$8,645.5	(\$6.6)
Highway User Revenues	\$2,696.4	\$2,702.8	\$6.4
Federal Aid /1	\$572.8	\$578.4	\$5.6
MAG 37% Dedicated	\$5,241.1	\$5,241.1	\$0.0
State Discretionary /2	\$240.9	\$279.5	\$38.6
3rd Party	\$58.7	\$55.9	(\$2.8)
STAN	\$193.4	\$193.4	\$0.0
Interest Income /3	\$68.5	\$139.2	\$70.7
Other Income	\$32.3	\$47.1	\$14.8
Subtotal: Revenues	\$17,756.2	\$17,882.9	\$126.7
EXPENDITURES			
Cost of Capital /4	(\$2,576.7)	(\$2,564.4)	\$12.3
Discount Factor /5	(\$3,635.3)	(\$3,326.2)	\$309.1
RPTA Transfer	(\$221.7)	(\$221.6)	\$0.1
Other Costs	(\$21.9)	(\$23.5)	(\$1.6)
Subtotal: Costs	(\$6,455.6)	(\$6,135.7)	\$319.9
Net Funds Available	\$11,300.6	\$11,747.2	\$446.6

Notes: Details may not add due to rounding. Dollars in millions.

/1 Includes STP and CMAQ.

/2 Includes Dedicated Highway, Discretionary transfer to Grand Ave, Bethany Home Rd, private funds (I-10, 395th Ave) and Wickenburg Bypass.

/3 Interest income is on a cash basis and assumes a 3% rate with 95% invested. Interest income is dependent on fund balances.

/4 Includes estimated RARF, HURF, GAN interest expense and debt service fund interest earned.

/5 Discount Factor represents conversion of construction program from inflated to current dollars.

Freeway Construction Costs and Changes

The design and construction cost estimates for the Regional Transportation Plan Freeway Program (RTPFP) projects are thoroughly reviewed and updated by three management consultants, DMJM Harris, HDR and PB for the RTP Freeway Program. The management consultants continually review and evaluate design and construction cost estimates. They also provide preliminary engineering services by developing scoping, Stage I (15%) and Stage II (30%) project documents for the RTPFP. This effort helps define design and right of way requirements allowing ADOT to establish better cost estimates for design, right of way, utility relocations and construction. They further monitor the design consultants' cost estimates through the remaining design phases including the final estimates. The management consultants also evaluate contractor bids for RTPFP construction projects to constantly monitor construction unit cost trends, such as the cost of concrete, asphalt, structures, drainage and other items used to establish project cost estimates. These recent bids are then used to update projects in the scoping and design phases.

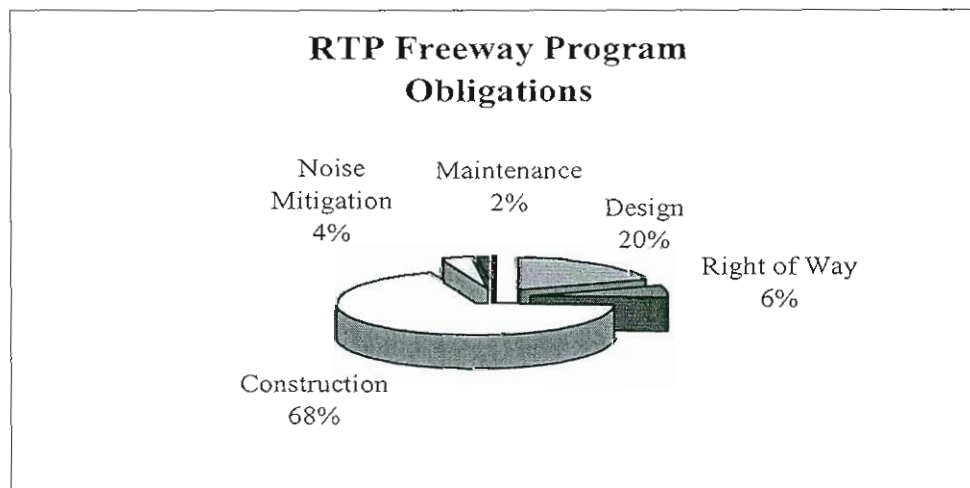
A revenue forecast was developed during the September 2007 Risk Analysis Process. Panel members from various segments of the real estate and economic community were invited to discuss future risks and trends in revenues. The risk analysis process consultant updated construction cost forecast models and utilized the panel input to calculate discount factors. The consultant, ADOT Financial Management services, MAG and Regional Freeway System office reviewed the discount factors and made adjustments to fit current cost trends. The information collected was used in the Risk Analysis Process to ensure that ADOT has sufficient resources to complete the RTPFP Life Cycle Program by projecting the rate of construction cost growth for the Life Cycle period (See Appendix A for Discount Factors).

Obligations

Obligations by phase and corridor are listed in the table below. These figures are through November 30, 2007. Regional Transportation Plan Freeway Program (RTPFP) obligations since the last certification increased \$392 million, from \$779 million to \$1,171 million.

Regional Transportation Plan Freeway Program Obligations Through November 30, 2007 (dollars in millions)

Corridor	Design	Right of Way	Construction	Noise Mitigation	R/W Protection	Maintenance	Total
I-10, Papago & Maricopa	\$21.2	\$4.4	\$117.5	\$0.0	\$0.0	\$0.0	\$143.1
I-10 Reliever (SR801)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
I-17, Black Canyon	\$12.1	\$28.7	\$267.3	\$0.0	\$0.0	\$0.0	\$308.1
SR51, Piestewa	\$3.5	\$0.0	\$47.6	\$0.0	\$0.0	\$0.0	\$51.1
US60, Grand Ave	\$5.5	\$0.0	\$6.1	\$0.0	\$0.0	\$0.0	\$11.6
US60, Superstition	\$2.3	\$0.0	\$96.7	\$0.0	\$0.0	\$0.0	\$99.0
SR74	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SR85	\$32.1	\$16.7	\$44.2	\$0.0	\$0.0	\$0.0	\$93.0
SR87, Duthie-Martin	\$2.5	\$0.1	\$21.5	\$0.0	\$0.0	\$0.0	\$24.1
SR88, Apache Trail	\$0.2	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.4
US93	\$0.0	\$10.6	\$32.3	\$0.0	\$0.0	\$0.0	\$42.9
101L, Agua Fria	\$0.7	\$0.0	\$26.4	\$0.0	\$0.0	\$0.0	\$27.1
101L, Pima	\$8.6	\$0.0	\$132.2	\$0.0	\$0.0	\$0.0	\$140.8
101L, Price	\$5.0	\$0.0	\$3.0	\$0.0	\$0.0	\$0.0	\$8.0
SR153, Sky Harbor	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
202L, Red Mountain	\$4.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4.3
202L, Santan	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5
202L, South Mountain	\$8.3	\$8.0	\$0.0	\$0.0	\$0.0	\$0.0	\$16.3
SR303L, Bob Stump Memorial Parkway	\$46.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$46.1
Williams Gateway	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Systemwide	\$77.5	\$2.9	\$9.2	\$41.9	\$0.0	\$23.3	\$154.8
TOTAL	\$229.9	\$71.5	\$804.7	\$41.9	\$0.0	\$23.3	\$1,171.3



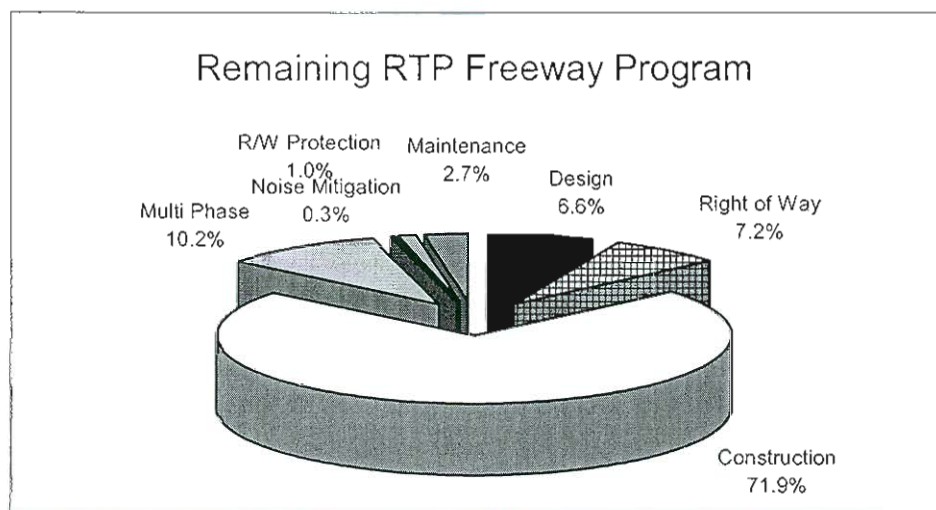
Remaining System Costs

There remain \$9.42 billion of costs associated with the Regional Transportation Plan Freeway Program (RTPFP), a decrease of \$260 million from the July 2007 Certification.

Regional Transportation Plan Freeway Program (dollars in millions)

Regional Transportation Plan Freeway Program								
Corridor	Design	Right of Way	Construction	Multi Phase*	Noise Mitigation	R/W Protection	Maintenance	Total
I-10, Papago & Maricopa	\$55.8	\$38.5	\$900.0	\$5.5	\$0.0	\$0.0	\$0.0	\$999.8
I-10 Reliever (SR801)	\$0.0	\$85.0	\$464.0	\$271.0	\$0.0	\$0.0	\$0.0	\$820.0
I-17, Black Canyon	\$21.3	\$12.5	\$845.3	\$370.0	\$0.0	\$0.0	\$0.0	\$1,249.1
SR51	\$4.2	\$0.0	\$47.0	\$0.0	\$0.0	\$0.0	\$0.0	\$51.2
US60, Grand Ave	\$6.2	\$1.0	\$220.1	\$34.0	\$0.0	\$0.0	\$0.0	\$261.3
US60, Superstition	\$4.6	\$0.0	\$71.0	\$0.0	\$0.0	\$0.0	\$0.0	\$75.6
SR74	\$0.0	\$0.0	\$5.6	\$0.0	\$0.0	\$48.0	\$0.0	\$53.6
SR85	\$0.0	\$0.0	\$126.5	\$12.6	\$0.0	\$0.0	\$0.0	\$139.1
SR87, Duthie-Martin	\$0.0	\$0.0	\$25.2	\$0.0	\$0.0	\$0.0	\$0.0	\$25.2
SR88, Apache Trail	\$0.0	\$0.0	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5
US93	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
101L, Agua Fria	\$41.3	\$0.0	\$442.9	\$0.0	\$0.0	\$0.0	\$0.0	\$484.2
101L, Pima	\$20.2	\$0.0	\$252.0	\$5.0	\$0.0	\$0.0	\$0.0	\$277.2
101L, Price	\$5.0	\$0.0	\$100.6	\$0.0	\$0.0	\$0.0	\$0.0	\$105.6
143, Hohokam	\$3.6	\$0.0	\$32.1	\$0.0	\$0.0	\$0.0	\$0.0	\$35.7
SR153, Sky Harbor	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
202L, Red Mountain	\$24.0	\$0.0	\$486.3	\$0.0	\$0.0	\$0.0	\$0.0	\$510.3
202L, Santan	\$31.6	\$0.0	\$342.4	\$0.0	\$0.0	\$0.0	\$0.0	\$374.0
202L, South Mountain	\$65.0	\$280.0	\$767.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,112.0
SR303L, Bob Stump Memorial Parkway	\$27.2	\$131.0	\$1,426.0	\$40.0	\$0.0	\$50.0	\$0.0	\$1,674.2
Williams Gateway (SR802)	\$10.0	\$10.0	\$203.0	\$110.0	\$0.0	\$0.0	\$0.0	\$333.0
Systemwide	\$306.1	\$121.0	\$15.0	\$109.0	\$29.1	\$0.0	\$258.4	\$838.6
TOTAL	\$626.1	\$679.0	\$6,773.5	\$957.1	\$29.1	\$98.0	\$258.4	\$9,421.2

* Multi Phase: Includes more than one phase (For example, project described as "Design and R/W" or "Design and Construction" etc.).



Roadway Design

ADOT currently has 20 major Regional Transportation Plan Freeway Program projects under design.

Major design work continues on the following projects:

Corridor	Project Location	Length (Mile)	Design Status
I-10, Papago	Verrado Way – Sarival Ave.	6	Stage III
I-10, Papago	Sarival Ave. – Dysart Rd.	4	Stage III
I-17, Black Canyon	Dove Valley Rd.	TI	Final
I-17, Black Canyon	SR74 – Anthem Way	5	Stage III
US60, Grand Ave.	99 th Ave. – 83 rd Ave.	2.5	Final
US60, Grand Ave.	SR303L – 99 th Ave.	10	Stage III
US60, Superstition	I-10 – SR101L	5	Final
SR74	MP20 – MP22	2	Stage III
SR85	Southern Ave. – I-10	2	Stage IV
SR101L, Price	SR202L (Red Mountain) – SR202L (Santan)	8	Final
SR202L, Red Mountain	SR51 – SR101L	10	Design-Build
SR202L, Red Mountain	SR101L – Gilbert Rd.	6	Stage III
SR202L, Red Mountain	Washington St. & Mill Ave.	Bridge Widening	Final
SR303L	SR303L/I-10 TI	TI	Stage II
SR303L	Thomas Rd. – Peoria Ave.	8	Stage III
SR303L	Cactus Rd., Waddell Rd. and Bell Rd.	TIs	Stage III
SR303L	Peoria Ave. – Bell Rd.	4	Stage III
SR303L	Bell Rd. – US60, Grand Avenue	3	Stage III
SR303L	Lake Pleasant Rd. – I-17	7	Stage IV
SR303L	Happy Valley Rd. – Lake Pleasant Rd.	7	Final

Stage I: 15% Plan

Stage II: 30% Plan

Stage III: 60% Plan

Stage IV: 95% Plan

Final: 100% Plan

Right of Way

During the January 2008 Certification reporting period (June 1, 2007 through November 30, 2007), the Right of Way Group acquired 794 acres for the RTP Freeway Program. As of December 1, 2007, the Right of Way Group acquired 1,077 acres for the RTP Freeway Program.

RTP Freeway Program Right of Way (acres)

Corridor	Last Certification Total	Acquired during this Certification Period	Total
I-10, Papago & Maricopa	9.8	0.0	9.8
I-10 Reliever (SR801)	0.0	0.0	0.0
I-17, Black Canyon	60.0	13.2	73.2
SR51, Piestewa	0.0	0.0	0.0
US60, Grand Ave.	0.0	0.0	0.0
US60, Superstition	0.0	0.0	0.0
SR74	0.0	0.0	0.0
SR85	100.3	773.5	873.8
SR87, Duthie-Martin	1.1	0.1	1.2
SR88, Apache Trail	0.0	0.0	0.0
US93	107.5	0.0	107.5
101L, Agua Fria	0.0	0.0	0.0
101L, Pima	0.0	0.0	0.0
101L, Price	0.0	0.0	0.0
SR153, Sky Harbor	0.0	0.0	0.0
202L, Red Mountain	0.0	0.0	0.0
202L, Santan	0.0	0.0	0.0
202L, South Mountain	4.1	6.9	11.0
SR303L, Bob Stump Memorial Parkway	0.0	0.0	0.0
Williams Gateway (SR802)	0.0	0.0	0.0
Systemwide	0.0	0.0	0.0
Total	282.8	793.7	1,076.5



Arizona Department of Transportation

Intermodal Transportation Division

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janet Napolitano
Governor

Victor M. Mendez
Director

Richard Travis
Deputy Director

Sam Elters
State Engineer

LETTER OF CERTIFICATION

The Intermodal Transportation Division of the Arizona Department of Transportation (ADOT) has completed a six month review and update of costs associated with construction of the Regional Transportation Plan (RTP) Freeway Program. Construction and design costs have been updated by our Valley Project Management Group; DMJM Harris, HDR and PB, our three management consultants; and the consultants currently preparing final construction plans. Right of way costs have been updated by the ADOT Right of Way Group reflecting current appraisals and changes in right of way requirements. This information replaces data previously certified on July 31, 2007.

The construction and right of way cost data in this document provides an accurate accounting of costs incurred and includes a realistic estimate of future costs based upon current construction costs and real estate values. Estimated future costs are subject to changes in the economy and are affected by variables in national, state and localized market values and trends.

The results of our review provide an accurate basis upon which to schedule and fund the balance of the freeway construction program for Fiscal Years 2009-2013. Today, the Regional Transportation Plan Freeway Program continues to be on schedule and within budget. However, the Department will continue to monitor all trends.

Sam Elters
Sam Elters
State Engineer

3/7/08
Date

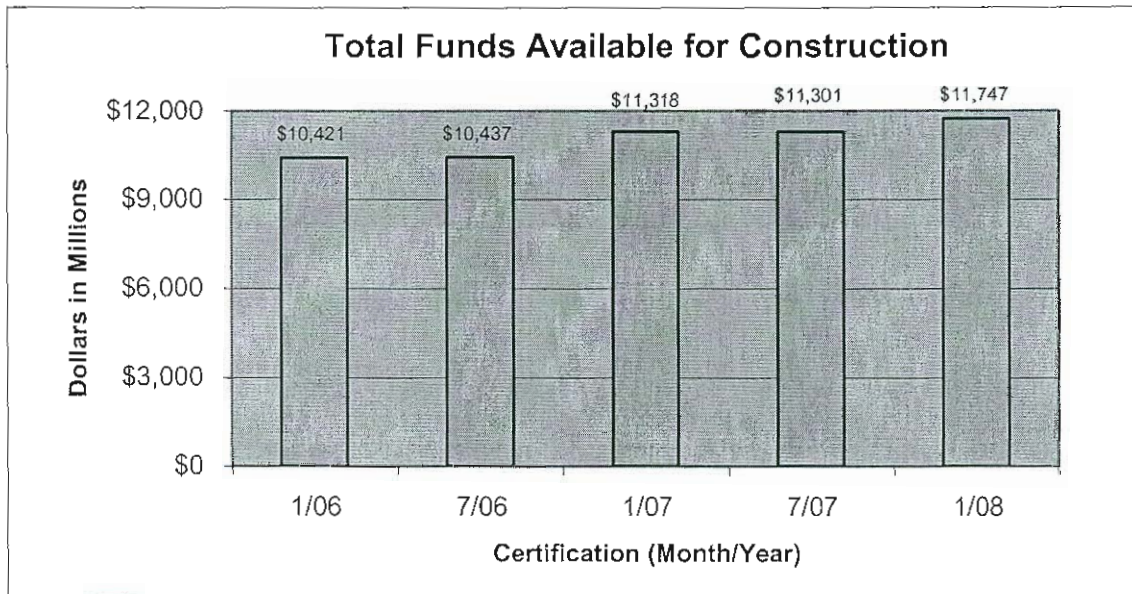
Historical Overview of Funding

The Director of the Department of Transportation has been certifying the revenues available for construction of the Regional Transportation Plan (RTP) Freeway Program since January 2006. Table 1 shows the revenue estimates and associated costs beginning with the January 2006 Certification. Graph 1 shows the level of funding available for construction of the RTP Freeway Program.

Table 1
Historical RTP Freeway Program Funds Available for Construction (dollars in millions)

Certification	1/2 Cent Tax	ADOT Funds	Other	Total	Capital	Discount Factor	Other	Total	Available for Construction
January 2006	\$8,178.4	\$7,990.1	\$665.3	\$16,833.8	(\$2,279.1)	(\$3,908.3)	(\$225.0)	(\$6,412.4)	\$10,421.4
July 2006	\$8,199.7	\$8,112.2	\$676.7	\$16,988.6	(\$2,403.0)	(\$3,906.0)	(\$242.4)	(\$6,551.4)	\$10,437.2
January 2007	\$8,652.1	\$8,371.8	\$724.6	\$17,748.5	(\$2,483.2)	(\$3,702.8)	(\$244.4)	(\$6,430.4)	\$11,318.1
July 2007	\$8,652.1	\$8,371.8	\$732.3	\$17,756.2	(\$2,576.7)	(\$3,635.3)	(\$243.6)	(\$6,455.6)	\$11,300.6
January 2008	\$8,645.5	\$8,416.8	\$820.6	\$17,882.9	(\$2,564.4)	(\$3,326.2)	(\$245.1)	(\$6,135.7)	\$11,747.2

Graph 1



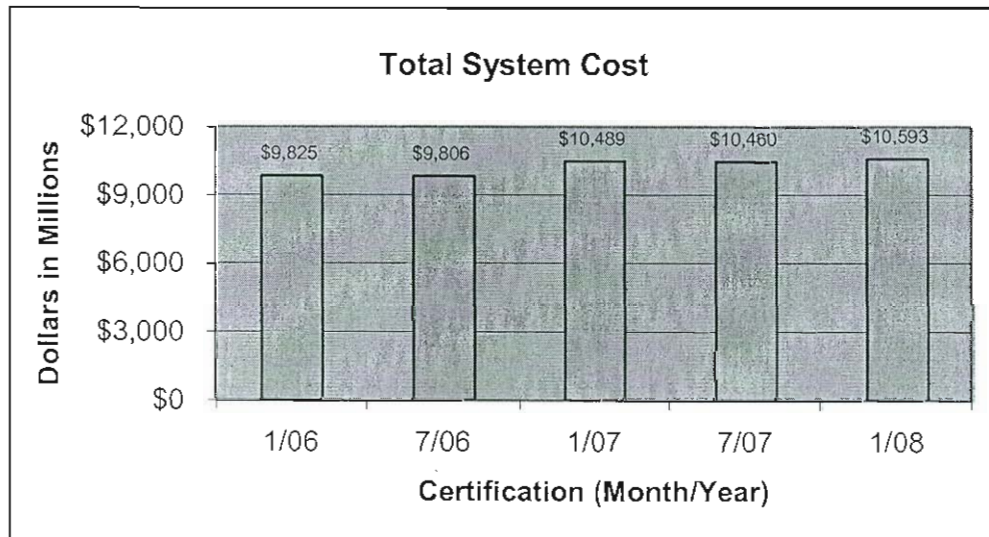
Historical Overview of Costs

The Director of the Department of Transportation has been certifying the cost to complete the Regional Transportation Plan (RTP) Freeway Program since January 2006. Table 2 shows the cost estimates for the system beginning with the January 2006 Certification. Graph 2 represents the estimated total cost of the RTP Freeway Program.

Table 2
Historical RTP Freeway Program Cost Estimates (dollars in millions)

Certification	Obligations	Cost to Complete	Total System Cost
January 2006	\$178.0	\$9,647.1	\$9,825.1
July 2006	\$234.3	\$9,571.3	\$9,805.6
January 2007	\$435.2	\$10,053.4	\$10,488.6
July 2007	\$779.0	\$9,681.0	\$10,460.0
January 2008	\$1,171.3	\$9,421.2	\$10,592.5

Graph 2



Appendix A

Discount factors representing the rate of construction cost growth are calculated using software developed by HDR - Hickling, Lewis and Brod Inc. Data from the September 2007 Risk Analysis Process (RAP) for construction was utilized to compute factors for design and construction. These factors represent potential cost growth which includes general inflation.

Cash Flow Discount Factors (percent)

For Design & Construction

For Right of Way

Fiscal Year	Design & Construction	Fiscal Year	Right of Way
2009	6.0	2009	6.0
2010	3.0	2010	3.0
2011	3.0	2011	3.0
2012	3.0	2012	3.0
2013	3.0	2013	3.0